

Message Text

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71

ACTION NEA-12

INFO OCT-01 EA-11 ISO-00 AEC-11 AID-20 CEA-02 CIAE-00

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R 181345Z APR 74

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 0953

AMEMBASSY MUSCAT

INFO AMEMBASSY COLOMBO

AMEMBASSY DACCA

AMEMBASSY ISLAMABAD

AMEMBASSY JIDDA

AMEMBASSY KATHMANDU

AMEMBASSY RANGOON

AMEMBASSY TEHRAN

AMCONSUL BOMBAY

AMCONSUL CALCUTTA

AMCONSUL MADRAS

AMINT BAGDAD 0005

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BEIRUT AND KUWAIT NOT ADDEES. BEIRUT PASS BAGHDAD

KUWAIT PASS MUSCAT

E.O. 11652: N/A

TAGS: ENRG, EMIN, IN, IR, IZ, MU

SUBJECT: ENERGY: INDIAN BARTER OFFER: CEMENT FOR OIL

REF A. MUSCAT A-13(NOTAL); B. NEW DELHI 3077(COPIES BEING
POUCHED TO ADDRESSEES)

1. AMEMBASSY MUSCAT'S A-13 (REF A) (RECEIVED IN
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NEW DELHI APRIL 15) RAISES A FASCINATING TOPIC WITH ITS DESCRIPTION

OF A REPORTED ATTEMPT TO CREATE AN INDO/OMANI CEMENT-OIL SWAP. WHILE INDIA HAS BEEN BUSY IN RECENT MONTHS DISCUSSING VARIOUS POSSIBLE AID-AND-TRADE AND SWAP DEALS WITH SEVERAL OIL PRODUCING COUNTRIES (IRAN, IRAQ, LIBYA, AND OTHERS), WE WERE UNAWARE OF THIS ONE. IT HAS NOT BEEN MENTIONED IN INDIA'S PARLIAMENT, THE PRESS, OR IN PRIVATE CIRCLES. NONETHELESS, WE NOW FIND THAT THE GOI DOES INDEED APPEAR TO BE PLAYING A GAME OF SHUFFLE -- THAT SEEMS TO INCLUDE OMAN GENERALLY TO THE DEGREE CITED IN REF A.

2. ACCORDING TO RELIABLE SOURCE IN THE GOI-OWNED STATE TRADING CORPORATION (INDIA'S PUBLIC SECTOR EXPORTER OF CEMENT), CEMENT EXPORTS TO OMAN HAVE BEEN TERMINATED. THE MINERALS ATTACHE WAS INFORMED APRIL 17 THAT LATE IN FEBRUARY THE GOI APPROACHED THE OMAN GOVERNMENT WITH AN OFFER TO INCREASE CEMENT EXPORTS, AND POSSIBLE OTHER COMMODITIES, IN EXCHANGE FOR OIL. REPORTEDLY, OMAN'S ON-GOING OIL DELIVERY COMMITMENTS ELSEWHERE MADE THIS IMPOSSIBLE, AND INDIA HAS SINCE DIVERTED TO IRAN CEMENT THAT WAS ORIGINALLY DESIGNATED FOR OMAN. OUR SOURCE DENIED THAT AN "EMBARGO" (REF A) HAD BEEN PLACED ON CEMENT EXPORTS TO OMAN, BUT AGREED THAT, IN THE EYES OF THE GOI, IRAN CURRENTLY OCCUPIES "A MORE FAVORED POSITION" THAN DOES OMAN.

3. THE GOI'S FEBRUARY 22 ANNOUNCEMENT OF THE THEN NEWLY-REACHED INDO/IRANIAN AGREEMENT PROVIDES FOR SIGNIFICANT EXPORTS TO IRAN OF INDIAN MINERAL COMMODITIES AND OTHER GOODS, AND ASSURED IMPORTS OF IRANIAN OIL (REF B). THE AGREEMENT INCLUDES EXPORTS TO IRAN OF INDIAN CEMENT IN THE AMOUNT OF 300,000 TONS ANNUALLY. IN 1972 AND 1973, IRAN IMPORTED ONLY 1 AND 200 (REPEAT 188 AND 200) METRIC TONS OF INDIAN CEMENT, WHILE OMAN PURCHASED 33,540 AND 11,210 TONS RESPECTIVELY. MEANWHILE, INDIA'S CEMENT PRODUCTION CAPABILITY CONTINUES TO FALL SHORT OF DOMESTIC DEMANDS-- BUT OIL IMPORTS ARE MORE IMPORTANT.

4. OUR REF B CONCLUDED THAT MOST OF THE COMMODITIES INDIA PLANS TO CHANNEL TO IRAN UNDER THE NEW INDO/IRANIAN AGREEMENT WILL BE AT LIMITED OFFICIAL USE

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THE EXPENSE OF ITS OWN DOMESTIC NEEDS, AND THAT AT LEAST CERTAIN OF INDIA'S TRADING PARTNERS MAY SOON FIND THEMSELVES OPTED OUT BY A HIGHER PRIORITY CUSTOMER -- ORAN. OMAN MAY BE ONE OF THESE.
MOYNIHAN

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